



SENATOR

Debbie Regala

E-Newsletter - 27th District, Tacoma

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27th Legislative District

March 4, 2010

Dear Neighbors,

The Senate and House budget proposals have now both been released. Each body is currently working on compromise for one final supplemental budget proposal.

This newsletter provides an update on the details and thought that went into the Senate budget proposal and the thoughts behind my vote to suspend Initiative 960 which is an opportunity to protect Washington citizens.

I hope this information helps readers understand how and why we arrived at the current Senate budget proposal.

Thank you for the opportunity to serve you in Olympia.

Sincerely,

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27th Legislative District

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Senate budget proposal

The worst thing about rough economic times is that they cut two ways — as revenues plummet, the need for public services like child care, public schools, state financial aid, health care, emergency assistance and job training escalates. In times like these, it's tempting to sacrifice the future for the present.

I don't believe that is wise. The budget the Senate proposed last week doesn't just balance the ledger sheet — it balances the needs of our businesses, students, seniors, foster children, the unemployed, and people with disabilities. And it does so with a three-pronged approach that reforms government everywhere possible, cuts programs as much as we dare, and generates just enough new revenue to close the rest of the gap. In short, it's a budget of shared sacrifice. It asks everyone to do their part until the economy recovers.

Our budget preserves numerous core commitments that were cut in the governor's all-cuts budget. It preserves vital early learning, K-12 and higher education funding. It shuts inefficient institutions and moves incarcerated and

disabled individuals to lower-cost facilities. It closes millions of dollars worth of tax loopholes to make sure our tax credits work for us, not against us. It provides a tax rebate for working families and tax credits for small businesses that create jobs. The current proposal also raises the cigarette tax by a dollar per pack and temporarily raises the sales tax by three-tenths of a penny. Other proposals are also being discussed.

There has been a lot of discussion around the negative impact a .3 sales tax increase would have. I think this is a good time to look at the average amount a family or business would pay.

An independent analysis by the state Department of Revenue shows that the .3 cent sales tax increase means:

- The average household will pay an additional \$29.33 per year. That's less than the cost of a single fill-up at the gas pump.
- The average business will pay an additional \$161.20 per year. That's less than most businesses pay just to keep the lights on for a month.

Of course, the actual figures will go up or down somewhat depending on the size of your household or business. But I think those modest sums are a small price to pay to protect basic education, early learning assistance for 1,500 kids, childcare for working families, state financial aid for 12,300 young adults, and health care for 60,000 people.

The interesting thing about taxes is that a very small amount of tax goes a very long way. That small increase spread over all our households and businesses adds up to a lot of public services.

What's more, married taxpayers filing a joint return with children earning less than \$40,463 for one child, \$45,295 for two children or \$48,279 for three or more children are eligible for the Working Families Tax Rebate, which is 5 percent of their Earned Income Tax Credit or \$25 — whichever is more. Since the average earned income tax credit check for 370,000 Washington families is around \$1,700, the Working Families Tax Rebate checks averages \$85. This means hundreds of thousands of families will see more money in their pockets as a result of the Senate budget proposal.

You can follow the budget as it moves through the legislative process by clicking on [Senate Bill 6444](#) and you can follow the tax loophole bill by clicking on [Senate Bill 6853](#).

Initiative 960, an opportunity to protect Washington citizens

I have heard from folks all over the 27th district with differing views on the issue of suspending Initiative 960. As an elected state senator, it is my job to represent all the people in my district. When making decisions, I try to balance the voices of the people I hear from, at the same time reflecting on my own values.

As you know we are in a fiscal crisis due to the dramatic decline in revenues because of the national economic environment. Last session we worked hard to balance our budget without new revenue. We cut nearly \$4 billion from our budget through actions which included: Elimination of state government jobs and reductions to compensation for state workers, increased efficiencies in state agencies; reductions or eliminations of many critical programs and services. We took similar actions already in this session with further reductions in the state workforce; further reductions in compensation to state workers via decreased hours; and curtailing equipment purchases and out-of-state travel.

I do not believe we can continue to balance our budget entirely with cuts. To do so would mean the dismantling of the safety net for our most vulnerable citizens including the elderly, the disabled, and children. It would also entail limiting access to higher education. While we are required to fund basic K-12 education, we have already had to suspend the provisions of voter approved education initiatives 728 (limits K-12 class sizes) and 732 (provides

teachers a cost of living increase) due to the lack of resources to fund them. I firmly believe that new revenues must be part of the solution.

I am working hard with my fellow legislators to analyze our current tax structure, including looking at the many preferential tax rates given to various business sectors. Some of these were instituted many years ago and no longer make sense in light of today's economy nor are they achieving the purposes for which they were instituted. I-960's broad definition of "raising taxes" includes such things as legislative action to (a) close tax loopholes, (b) revise tax laws applicable to out-of-state businesses carrying on business in our State but avoiding their fair share of taxes due to court rulings, or even (c) transfer existing revenues between state accounts. Use of these legislative functions could allow the Legislature to adjust revenues and ensure that the tax burden is fairly shared by all taxpayers.

It is important to realize these alternatives are unavailable to us now and could open up more money to address the current deficit. They offer other options beyond further program cuts or raising revenue, which are popular with no one.

I believe my constituents expect me to consider eliminating tax preferences that no longer serve their intended purpose as part of the solution to balancing our budget. Some of these were presented during the last session but the required support of 2/3 of the Legislature was not achieved even when the affected business sector did not oppose the change. There were also a number of licensed professions which supported an increase in the fee they pay to cover the cost of administration of the licensing process and oversight of the profession. Yet the required 2/3 of the legislature was not willing to support the increase.

As a legislator I must be willing to make tough decisions based on the best interests of all the people I represent. I do not take that lightly but I do take my responsibility as a legislator very seriously. I do not believe I should take the easy way out and ask the citizens of this state to do my job. You all have your own jobs to do. And I know for many of my family members, friends and neighbors, focusing on trying to get through these tough economic times takes all their energy.

The Legislature is required to develop a balanced budget. That needs to be done now not months from now.

These are some of the reasons that I believe I-960 is simply not workable in this budget crisis and why I supported the suspension of I-960 until July 1, 2011. After that date the provisions of I-960 will go back into effect.

I believe I must do what I believe is right for the majority of the people I represent and in the best interests of the state as a whole.